

SKM Associates LLC

Family Business Consulting
Developing High Performance
Leaders and Organizations

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We All Love Each Other

Rarely do we find an enterprising family that openly denies loving each other. As their logic goes, ‘we all love each other, therefore we don’t really need to worry about putting things in writing’.

Many family businesses that succeed from generation to generation have one thing in common. They have the difficult discussions to put governance and transition plans in place, while they all still love each other.

The most appropriate governance structures for a family business must be tailored to the particular organization, the industry, and the family. There are several structures, however, that are strong foundational structures in almost any organization:

Family Vision and Philosophy – Countless entrepreneurs and first generation family business owners built strong businesses on a core set of clear but often unspoken values. An invaluable starting place for many organizations and families is to take the time to write down the values, vision, and philosophy of the family and the organization. People change. Businesses change. Families change. Guiding values should not.

Buy/Sell Agreement – Drafting a clear buy/sell agreement (or related type of agreement) that lays out how the business will transfer among family members and among generations is vital as families grow and new generations come into the business.

Succession Plan – Developing a strong bench of candidates for future leadership is important for any organization’s continued success. It’s an important step for leaders, but it’s also important for rising generations to know that an investment is being made in them and opportunity is being given for them to earn more responsibility in the business.

Whether your business is in the first generation or the fifth, it is not too late. Some organizations create a formal family charter in working through these issues. Some families start by scratching out their ideas on the back of a napkin. Whatever the format, these basic structures can help set up your family business to thrive for generations to come. Governance agreements require hard work. Where will you start?

“There is no better time than when relationships are strong and positive to develop an agreement that protects all in the family against unforeseen changes down the road.” – Unknown